

AMENDED IN ASSEMBLY JUNE 1, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 601

Introduced by Assembly Member Garrick

February 25, 2009

An act to amend Section 1872.81 of the Insurance Code, relating to motor vehicle insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 601, as amended, Garrick. Motor vehicle insurance: special assessments.

Existing law, until January 1, 2010, imposes on an insurer a \$0.30 special purpose assessment on each vehicle insured under an insurance policy issued in this state by the insurer. Existing law specifies that \$0.20 of each \$0.30 special purpose assessment shall be used to fund specified consumer service functions of the Department of Insurance relating to motor vehicle insurance. Existing law further specifies that the remaining \$0.10 of each \$0.30 assessment shall be used to fund the improvement of certain consumer functions of the department. ~~Under existing law, the funding purpose of the \$0.10 portion of the \$0.30 special purpose assessment is further broken down to portions with specified purposes.~~

This bill would make technical, nonsubstantive changes to these provisions and would extend the operation of these the provisions until January 1, 2015. This bill would delete the specified purpose for one of the final portions of the \$0.10 portion of the total assessment. This bill would also reduce the \$0.30 special purpose assessment to a \$0.20 special purpose assessment and would state that the purpose of this reduction is for the department to spend down the reserve for that special

~~purpose assessment while ensuring that the ratios between the allocations of funds remain unchanged, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1872.81 of the Insurance Code is
2 amended to read:

3 1872.81. (a) In addition to the special purpose assessment
4 imposed pursuant to Section 1872.8, an insurer doing business in
5 this state shall pay to the commissioner an annual special purpose
6 assessment of thirty cents (\$0.30) for each vehicle insured under
7 an insurance policy it issues in this state, for expenditure as follows:

8 (1) An amount equivalent to twenty cents (\$0.20) of the special
9 purpose assessment imposed per insured vehicle by this subdivision
10 shall be used for the purpose of paying for consumer service
11 functions of the department that are related to automobile
12 insurance. The revenues under this paragraph shall be used to
13 improve service to consumers through the rating and underwriting
14 services bureau, the claims services bureau, the investigations
15 bureau, or any successor bureaus of the department that may
16 assume the consumer service functions of these bureaus, and legal
17 services in support of these bureaus. The department shall develop
18 a plan for the use of the revenues available under this paragraph
19 for the purposes authorized, and shall submit the plan to the
20 Assembly and Senate Committees on Insurance.

21 (2) An amount equivalent to ten cents (\$0.10) of the special
22 purpose assessment imposed per insured vehicle by this subdivision
23 shall be used for the purpose of improving consumer functions of
24 the department related to automobile insurance. Revenues available
25 under this paragraph shall be used to improve consumer functions
26 through one or more of the following:

27 (A) The rating and underwriting services bureau.

28 (B) The claims services bureau.

29 (C) The investigations bureau.

30 (D) Any successor bureau of the department that may assume
31 automobile insurance consumer functions of these bureaus, and
32 legal services in support of these bureaus. These revenues also
33 may be used for improving the ability of the department to respond

1 to consumer complaints and information requests through the
2 department's toll-free telephone number, and for improving the
3 ability of the department to offer information about automobile
4 insurance rates to the public. The department shall develop a plan
5 for the use of the revenues available under this paragraph for the
6 purpose authorized, and shall submit the plan to the Assembly and
7 Senate Committees on Insurance.

8 (3) Notwithstanding paragraph (2), the Department of Insurance,
9 after January 1, 2006, and the Department of Motor Vehicles, after
10 that date, may propose to the budget committees of the Legislature
11 a proposed use of up to five cents (\$0.05) of the ten-cent (\$0.10)
12 special purpose assessment levied pursuant to paragraph (2) related
13 to informing consumers about the existence of any low-cost
14 automobile insurance program authorized in law pursuant to
15 Section 11629.7 or other statutes that also establish a program of
16 the type identified in Section 11629.7. Funds for this purpose shall
17 not be expended without prior budget approval. The total amount
18 of funds authorized to both departments in total, or to one
19 department in total, for this purpose shall not exceed five cents
20 (\$0.05). The departments shall explain, with as much specificity
21 as is reasonably possible, the objectives for the use of the funds
22 and quantitative criteria by which the Legislature may evaluate
23 the effectiveness of the department's use of funds.

24 ~~(b) From July 1, 2010, to December 31, 2014, inclusive, the~~
25 ~~special purpose assessment provided for in subdivision (a) shall~~
26 ~~be reduced from thirty cents (\$0.30) to twenty cents (\$0.20) for~~
27 ~~each vehicle insured under an insurance policy issued by an insurer~~
28 ~~in this state. The ratios between the allocations of funds made by~~
29 ~~paragraphs (1), (2), and (3) of subdivision (a) shall remain in effect.~~
30 ~~It is the intent of the Legislature that the Department of Insurance~~
31 ~~will spend down the reserve for this special purpose assessment~~
32 ~~during this period while ensuring that the ratios between the~~
33 ~~allocations of funds made by paragraphs (1), (2), and (3) of~~
34 ~~subdivision (a) remain unchanged.~~

35 (e)

36 (b) This section shall remain in effect only until January 1, 2015,
37 and as of that date is repealed, unless a later enacted statute, that
38 is enacted before January 1, 2015, deletes or extends that date.

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